

MT LEGISLATIVE HISTORY

Chapter 422 1983

Bill H 872 S _____

Original bill & hist. C

H. Committee on Local Government

S. Committee on Local Government

Hearing Date(s) Feb 19 ✓ C

Hearing Date(s) Mar 15 ✓ C

Feb 20 ✓ C

Mar 22 ✓ C

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Date Out Feb 20 ✓ C

Mar 22 ✓ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

COMMITTEE ON LOCAL GOVERNMENT

[illegible]

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years. He would like to see this put in with HJR 20 and the idea of a local fee be discussed with that Resolution. He felt there probably will be a fee increase and there probably is not going to be a great deal of activity.

There were no further opponents.

DISCUSSION OF HOUSE BILL NO. 830: Sen. Fuller asked if there was any discussion of a fiscal note on this bill? Rep. Hansen said she imagined that would be on each individual review, however, Mr. Schwartz said it would be a reduction in the cost to the Department and not an increase. The cost would be passed on to the people that benefited from the service. Mr. Rehberg felt that the people are responsible - the person buying the lot and the local government because this is not just a benefit to the person that is purchasing the lot.

Sen. Van Valkenburg asked what the status was of HB 118? Mr. Hollow said it was up for hearing in the Agriculture Committee on March 16th. Sen. Van Valkenburg said that Mr. Hollow felt this idea could be incorporated into HJR 20 but he didn't know how they could direct the health department in its rulemaking powers to give local government some authority to adjust the fees that they receive.

Mr. Hollow said he did not mean to say that they can raise the fees through HJR 20, but that they should address or study it. Sen. Story felt that the Agriculture Committee is a perfectly rational committee to hear this bill since it is agricultural land that is being subdivided, and as far as any subdividing that is going on in Missoula, this bill would certainly take care of those last few people that are trying to accomplish something. Sen. Story asked Mr. Schwartz if this was their total bill (\$500,000) for the Department of Health in Missoula. Mr. Schwartz said they have 21 paid city-county planning staff. About 3 or 4 work on these reviews. The staff has declined in the last couple years also. There were only 2 or 3 major subdivisions last year. Sen. Story asked how many are reviewing major subdivisions. Mr. Schwartz said the people are both health and planning staff; they don't just do subdivisions. He would guess maybe 1 fulltime. There are four fulltime equivalents reviewing the major subdivisions but there are also informal consultations beforehand.

Sen. Marbut asked Rep. Hansen who she thought should pay for this review. Rep. Hansen said that since this is a state mandated review the state assumes a portion of the fee. She assumed the state should assume the greater portion, along with the local government. Sen. Marbut felt all of the costs of the review should be borne by the person desiring the review. If it runs over the maximum the public picks up the extra cost but the person desiring the review should pick this up.

The hearing was closed on House Bill No. 830.

CONSIDERATION OF HOUSE BILL NO. 872: Rep. Walter Sales, District #79, said this gives an alternative method of financing RIDs and SIDs for cities, towns and counties. It doesn't interfere with the present manner. It also sets up a district and issues bonds that are not secured by the revolving fund. The general taxpayers are not liable

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for any default. The whole obligation would remain with the property in the district itself.

PROPOSERS: Bill Verwolf, city of Helena, said this would provide cities that don't wish to have their general taxing authority back the bonds, to assist developers. They would not be backed by the taxing authority of the city. Some cities don't want their taxing authority tied to the bonds.

DISCUSSION OF HOUSE BILL NO. 872: Sen. Marbut asked what the difference would be in the interest rate? Mae Nan Ellingson said there was no way of knowing if they can even be sold, much less what the interest would be. She suspected it would be 2-3% higher than if there was a revolving fund.

Sen. Van Valkenburg wondered what the practical effect is of having this on the books. He felt there was a problem of confusion between the two types of bonds and the possibility for the local government that likes one type of developer to say yes to one and no to another. He sees a potential for bad feelings being generated. Mr. Verwolf said that Bozeman is in no position to issue any SID bonds at the present time. This would provide a method by which a developer could develop his tract. It would be an option the municipalities would have.

Rep. Sales said that any developer that comes into Bozeman now gets an automatic "no" because they have been burned so badly in the past.

Mr. Verwolf said you could use this to put water and sewers in; PUDs would be another way. Sen. Marbut asked if they really thought these would maintain their tax exempt status. Mae Nan Ellingson said there was no problem of maintaining their tax exempt status.

In closing, Rep. Sales said that Montana is the only state that runs the way we do now with 100% backing. This is not an unusual type of bond but it would probably be a little higher interest rate.

The hearing was closed on House Bill No. 872.

Vice Chairman Ochsner relinquished the Chair to Chairman McCallum who returned to the hearing.

CONSIDERATION OF HOUSE BILL NO. 733: Rep. Esther Bengtson, District 59, co-sponsor of the bill with Sen. Tom Towe, said that this is not a new concept. These were introduced last year as separate bills. The Committee on Economic Development put all three of the bills from last session into one bill. The bill has been very well drafted and the University Law School worked very hard on this bill. There is, however, a section that is duplicated and Sen. Towe will explain this to the committee. The limit had been set at \$150,000 for each bond issue but the committee in the House amended that to \$500,000. Also, on line 12, page 5, they raised the total amount from \$10 to \$25 million. She also said there were several people present that wanted to speak on this. In this bill, umbrella bonding, the interest rates can be lower.

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Question being called for HB 798 BE CONCURRED IN. MOTION CARRIED with Sens. Hammond and Ochsner voting "no".

DISPOSITION OF HOUSE BILL NO. 872: Sen. Thomas MOVED HOUSE BILL NO. 872 BE CONCURRED IN. Sen. Hammond said if the bonds can be sold, the interest rate will be higher and the buyer beware. MOTION CARRIED with Sen. Crippen voting "no".

DISPOSITION OF HOUSE BILL NO. 715: Sen. Thomas moved to amend the increase in the budget but they will be able to adjust the budget downward. Page 2, line 7, the entire line will be stricken and also on page 4, line 14. Sen. Thomas said that some of the cities' revenue projections are not holding up and they should be able to amend their budgets downward.

Sen. Fuller mentioned that Dennis Burr had some concerns about the same thing. Chairman McCallum said that without Sen. Thomas' amendment they could also increase their budgets. Sen. Thomas said it is important that they have some flexibility. Great Falls can do it under the city-manager form of government but not at the county level. The money that they budgeted for is not going to materialize. Sen. Thomas' MOTION CARRIED with Sens. Van Valkenburg and Fuller voting "no". Sen. Thomas MOVED HOUSE BILL NO. 715 AS AMENDED, BE CONCURRED IN. MOTION CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 718: Sen. Van Valkenburg presented an amendment for this bill. The amendment would clarify that any additional costs that are incurred should be prorated. Steve Young was asked if this would satisfy their objections and he asked if it was going to be worth the time it takes.

Sen. Van Valkenburg MOVED THE ADOPTION OF THE AMENDMENTS. MOTION CARRIED Sen. Van Valkenburg MOVED HB 718 AS AMENDED, BE CONCURRED IN. Sen. Van Valkenburg felt that some of these people have been getting a free ride. MOTION CARRIED with Sen. Story, Hammond and Boylan voting "no".

DISPOSITION OF HOUSE BILL NO. 733: Dave Bohyer explained that the rest of this package of bills went through the Business and Industry Committee and this is the only one he was not familiar with. It was said that this is usually a local responsibility and this bill makes it a state responsibility. Sen. Crippen said this is part of the "Build Montana" program. Sen. Thomas said he realized that but he didn't like it.

Sen. Hammond asked if this could be used to retire current bonds. Dave Bohyer said the mechanism is not here to do that. There is no provision for that in this bill. Sen. Crippen said the smaller communities would go "ape" over this bill. It was in here two years ago and was killed in the Taxation Committee. He did not agree with D.A. Davidson on the \$150,000 ceiling.

Sen. Van Valkenburg proposed to strike all of section 34, page 25 to line 5 on page 27. Sen. Thomas MOVED THE ADOPTION OF THE AMENDMENTS. MOTION CARRIED UNANIMOUSLY. Sen. Ochsner said at the hearing he asked what the rate of interest would be and they came up with 10-10 1/2%, is that right? The committee members said it was stated 9 1/2 to 10%.

STANDING COMMITTEE REPORT

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MR. **PRESIDENT**

We, your committee on **LOCAL GOVERNMENT**

having had under consideration **HOUSE**

Bill No. **872**

Sales (McCallum)

Respectfully report as follows: That **HOUSE**

872,

third reading copy,

BE CONCURRED IN

EXCISE

LOCAL GOVERNMENT COMMITTEE

Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 821	TO RELIEVE LOCAL GOVERNMENT FISCAL PROBLEMS; CREATING A LOCAL GOVERNMENT SERVICES EFFICIENCY INCENTIVE PROGRAM; AUTHORIZING A LOCAL OPTION INCOME TAX; APPROPRIATING FUNDS FOR LOCAL GOV. FISCAL RELIEF	2-15	Fagg	2-19	TABLED	2-21
HB 830	TO ALLOW A LOCAL GOVERNMENT TO ESTABLISH AND CHARGE A FEE FOR REVIEW OF A MINOR SUB-DIVISION	2-15	S. Hansen	2-18	DO PASS AS AMENDED	2-21
HB 859	TO GENERALLY STANDARDIZE NOTICE REQUIREMENTS RELATING TO THE CONDUCT OF BUSINESS OF LOCAL GOVERNMENT UNITS OTHER THAN MUNICIPALITIES	2-15	Waldron	2-19	DO PASS AS AMENDED	2-21
HB 863	PROVIDING FOR THE ABOLISHMENT OF THE MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM, FIRE FIGHTERS' UNIFIED RETIREMENT SYSTEM AND THE LOCALLY ADMINISTERED POLICE AND FIREFIGHTERS' RETIREMENT FUNDS; et al	2-15	Fagg	2-19	TABLED	2-21
HB 872	AUTHORIZING LOCAL GOVERNMENTS TO ISSUE LIMITED SPECIAL AND RURAL IMPROVEMENT DISTRICT BONDS; REMOVING THE LIABILITY OF TAXABLE PROPERTY FOR THE IMPROVEMENTS; PROVIDING SALE BY ADVERTISEMENT OF SUCH PROPERTY IF ASSESSMENTS ARE DELINQUENT	2-15	Sales	2-19	DO PASS	2-21
HB 874	AUTHORIZING A LOCAL BOARD OF HEALTH TO ESTABLISH AND COLLECT A FEE FOR ANY INSPECTION MANDATED BY THE STATE	2-15	S. Hansen	2-18	TABLED	2-21

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MIKE YOUNG, City of Missoula: This concept along with block grants will be of major help to local governments.

HOWARD SCHWARTZ, Missoula County Commission: If this bill passes, it's a chance to get our financial problems out of the State Taxation Committee.

JOHN WILKERSON, Lewis & Clark County Commission: We are in support of this bill.

AL JOHNSON, City Manager, Great Falls: We don't see this as an immediate remedy but as a tool that in the long run will provide local government financing at the local level.

JOHN ALKE, Montana Dakota Utilities: We see one problem with the bill. MDU is not a tax payer, we are a tax collector. Since our rates are set at the state level, we feel under the language of the income tax option it would permit counties to levy an income tax on MDU operations. We suggest an amendment to read: "provide that nothing herein shall be construed to permit a county to levy income taxes against a utility."

OPPONENTS: none

QUESTIONS: none

HOUSE BILL 872

REP. WALTER SALES, District 79, sponsor, opened by saying we have delinquent RID's and SID's at this time. Our present laws that establish bonds for SID's and RID's have a revolving fund requirement that the whole tax paying area is actually responsible for the payment of those bonds. When you get into a period like we're in now when payments are not being made, then the county has to levy a property tax on the whole district to make those bond payments. This is an alternate type of bond. It would limit the obligation to the district where the improvement is being made. There would be no general taxing backup of these bonds. It would not effect the existing law but it would create a new section for a new type of bond. Any developer who comes in is getting a cold shoulder because the city does not want to extend itself any further. This would say, if you can find a market for your bonds they will still have a tax exempt feature and it would not fall back on the general tax payer, it would only be an obligation to that district.

PROPONENTS:

MS. ALIKSON, City of Billings: We support the concept of this bill but it needs to be rewritten if it is to accomplish his objective.

OPPONENTS: none

REP. McBRIDE: Between now and tomorrow, Rep. Sales, I would like you to get this bill into a more acceptable form. It's our

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responsibility to see that it's in good form before we pass it out of committee.

HOUSE BILL 859

REP. STEVE WALDRON, District 97, sponsor, opened by saying Missoula County requested that he carry this bill. It's an attempt to standardize the notice requirements for local governments other than municipalities. There are a few problems with it that can be handled by the Senate.

HOWARD SCHWARTZ, Missoula County Commission: This establishes two general sections of law so you can reference what section you are referring to. This would be of great help for county attorneys and the general public who doesn't know which notices are required. The idea is to make this parallel to the cities so we have one body of law. It needs to be tidied up, however.

JOHN WILKERSON, Lewis & Clark County Commissioner: We have been challenged through the letter of the law because of notifications. This would go a long way toward clearing up the notification laws.

MIKE MELOY, Montana Press Association: My newspapers don't like very much reducing the three publications down to two but there is something to be said about standardization. I would be willing to work with Rep. Waldron to clean up this bill.

OPPONENTS: none

HOUSE BILL 821

REP. FAGG, District 63, sponsor, opened by saying this is a poorly drafted bill that does not do what he intended it to do. The general theme is present so he will proceed...The bill sets up a committee under the Dept. of Commerce that would work to achieve cost savings for the cities. This is an appropriations bill and he asks that it be held in committee until details could be worked out. It would require \$12.5 million from the general fund to be matched from city and county savings. This would be to form consolidation in governmental units.

PROPOSERS:

GEORGE BOUSLIMAN, Urban Coalition: This bill is 14 pages long and on the surface there appears to be a number of characteristics that are attractive.

OPPONENTS: none

QUESTIONS:

REP. McBRIDE: This doesn't appear to help my city at all. It gives us no money. Rep. Fagg: County consolidation would

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REP. WALDRON: Withdrew motion to strike Section 19.

Question was called on the original motion to TABLE HOUSE
BILL 821.

The motion PASSED UNANIMOUSLY.

HOUSE BILL 863

REP. FAGG, sponsor. This bill would provide for the abolishment of the municipal police officers retirement system, firefighters' unified retirement system and the locally administered police and firefighters' retirement funds.

REP. VINGER: Moved to TABLE HOUSE BILL 863.

The motion to TABLE HOUSE BILL 863 PASSED UNANIMOUSLY.

HOUSE BILL 872

REP. SALES, sponsor. This bill would authorize local governments to issue limited special and rural improvement district bonds; removing the liability of taxable property for the improvements.

REP. SALES: This bill has to be rewritten by a bond attorney who works with Montana law.

REP. SALES: Moved that HOUSE BILL 872 DO PASS.

REP. PISTORIA: Made a substitute motion to TABLE HOUSE BILL 872.

CHAIRMAN McBRIDE: One of my concerns--it makes me very reluctant to pass a bill out of committee that we don't know what it does. What we would be doing in giving this bill a do pass would be giving our vote of recommendation.

Question was called and the motion to TABLE HOUSE BILL 872 did not pass with eight members voting yes (REPS. PISTORIA, DARKO, HANSEN, HOLLIDAY, KEENAN, NEUMAN, SCHYE and CHAIRMAN McBRIDE) and eleven members voting no (REPS. BERGENE, HAND, KADAS, KITSELMAN, SALES, SANDS, SWITZER, VINGER, WALDRON, WALLIN and BERTELSEN).

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REP. SALES: What the bill does--it sets up an alternate form of financing for RID's and SID's.

CHAIRMAN McBRIDE: It goes a way beyond that. It also goes on to say if you are a week late, they can come and take your property. It's not like a tax sale that says three years.

REP. SALES: That is the delinquency part of it. It is set up as the same way as a mortgage.

CHAIRMAN McBRIDE: But that is different from taxes because taxes are three years delinquency and this isn't the same as that?

REP. SALES: No, and I didn't indicate that it was. None of it is going to work within the bond laws. It has to be done in a different way. As far as doing what we might want the bill to do--it says what we are trying to accomplish. It says that we are going to have a district and the obligation is going to be limited to that district. It also sets up a way of collecting the money that won't take six or seven years to do it.

With the vote being reversed, the bill went out of committee with eleven members voting yes (REPS. BERGENE, BERTELSEN, HAND, KADAS, KITSELMAN, SALES, SANDS, SWITZER, VINGER, WALDRON, and WALLIN) and eight members voting no (REPS. PISTORIA, DARKO, HANSEN, HOLLIDAY, KEENAN, NEUMAN, SCHYE and CHAIRMAN McBRIDE) on a DO PASS MOTION.

HOUSE BILL 859

REP. WALDRON, sponsor. This bill would generally standardize notice requirements relating to the conduct of business of local government units other than municipalities.

CHAIRMAN McBRIDE: There is an amendment (EXHIBIT 3).

REP. WALDRON: The amendment changes the definition of "newspaper" to comply with state law. There are some sections of law that are not approved. The problem is everytime you do something with local government, you practically have to have the county attorney live in your office because a notice requirement is different for everything you do. This is an attempt to standardize that. The counties would like to have that notice procedure straightened out so they have it standardized.